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RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

February 13, 2009

CRWQCB - REGION 8	
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Mr. Gerard J. Thibeault, Executive Officer
Santa Ana Regional Water Quality Control Board
3737 Main Street, Suite 500
Riverside, California 92501-3348

Dear Mr. Thibeault:

Re: Comment Letter – Renewal of Waste
Discharge Requirements for the Tentative
Order No. R8-2008-0030, NPDES No.
CAS618030 Relative to Potential
Application to Riverside County

The Riverside County Flood Control & Water Conservation District (District), the County of Riverside and the incorporated cities of Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Moreno Valley, Murrieta, Perris and Riverside (Permittees) appreciate the opportunity to comment on the Renewal of Waste Discharge Requirements for the County of Orange, Orange County Flood Control District and the incorporated Cities of Orange County, Tentative Order No. R8-2008-0030, NPDES No. CAS618030, Areawide Urban Storm Water Runoff (Draft OC MS4 Permit). The following comments have been developed in consultation with and represent the views of the Riverside County Permittees.

Although the Draft OC MS4 Permit will only apply to Orange County Permittees, Regional Board staff has stated that certain provisions may serve as a model for the draft MS4 Permit that will be issued to the Riverside County Permittees; therefore, these comments principally address how the Draft OC MS4 Permit would impact the Riverside County Permittees and their associated compliance programs.

The 2002 Riverside County MS4 Permit and the associated compliance programs implemented by the Permittees have been effective in managing urban runoff quality in Riverside County and protecting receiving waters. Therefore, the Permittees oppose the use of the Draft OC MS4 Permit as an outright model for all three MS4 permits in the Santa Ana Region and request that Regional Board staff use the proposed revision of the 2002 Riverside County MS4 Permit that was submitted by the Permittees with the Report of Waste Discharge (ROWD) as the basis for developing the draft Riverside County MS4 Permit. Maintaining the 2002 Riverside County MS4 Permit structure will enable continuity of the Riverside County compliance programs and assist the Permittees in containing compliance costs. Compliance cost containment is particularly important considering the economic crisis, which is anticipated to continue well into the term of the 2009 Riverside County MS4 Permit. Building on the 2002 Riverside County MS4 Permit will continue to be protective of receiving water quality.

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The economic crises and the impacts on Permittee funding sources will be a primary consideration during the term of the 2009 Riverside County MS4 Permit. The Permittees are currently implementing significant budget reductions and employee layoffs affecting vital basic services. Some of these basic services will be needed even more by those most impacted by the economic conditions. As MS4 permit compliance programs will be competing for finite resources with these services, it is anticipated that they will not be immune to reductions. Permittee efforts to develop new revenue sources for the NPDES MS4 programs have met with limited success (See Attachment B). It is unlikely new sustainable revenue sources will be generated in the near term and as previously noted, existing revenue sources have been significantly impacted by the deteriorating economic conditions. Under these circumstances, compliance with expanded permit requirements beyond current levels will likely require reduction or elimination of other compliance activities or receipt of Federal or State funding.

The District is also concerned that its limited participation in Orange County stakeholder meetings may be construed as tacit approval of the outcomes of those meetings. The purpose of the District's participation has only been to gain an understanding of the issues that may apply to Riverside County. Attendance should not be misinterpreted as active participation in the development or acceptance of provisions being drafted for the Orange County program. The Permittees expect the Regional Board to provide the same level of opportunity and time to participate in the review of the draft Riverside County MS4 Permit as afforded to the Orange County Permittees.

The following comments address the Permittees' general concerns with the major ramifications of using the Draft OC MS4 Permit as a model for the 2009 Riverside County MS4 Permit and the potential inclusion of the expanded program requirements in the 2009 Riverside County MS4 Permit.

The Basis for the Riverside County MS4 Permit should be the 2002 Riverside County MS4 Permit

In 2002 the Regional Board staff issued a draft MS4 Permit for Riverside County based on the MS4 Permit that had been adopted for Orange County. At a workshop in May 2002, the Riverside County Permittees objected to this approach, citing the significant differences between water quality conditions in Orange County and Riverside County, and the need to maintain existing compliance programs to provide continuity and contain compliance costs. The members of the Regional Board agreed and directed Regional Board staff to work with the Permittees to develop MS4 Permit requirements appropriate to Riverside County.

Following the workshop, the Permittees and Regional Board staff initiated over four months of intense negotiations leading to the Riverside County MS4 Permit that was adopted in October 2002. In this process, several Permittee representatives, including a Deputy County Counsel, met with Regional Board staff multiple times each week. In addition, the Permittee and Regional Board staff spent many hours outside of these meetings conducting research, drafting alternative permit text, and

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reviewing proposed text. Virtually every word in every line of the Riverside County MS4 Permit was reviewed to ensure that findings and facts were substantiated, requirements were appropriate to the conditions and needs of Riverside County, existing compliance programs maintained, ambiguity of intent eliminated, content organized, redundancies eliminated and terms defined in a glossary. This process lead to an MS4 Permit that is superior relative to others in effect in California. At the hearing on October 25, 2002, the Regional Board, Regional Board staff and the Permittees were unanimous in praising the process and the resulting MS4 Permit and in supporting the adoption of the Riverside County MS4 Permit. This unanimous support is especially notable when one considers that all other MS4 permits issued in Southern California during that period were appealed and/or litigated.

The Draft OC MS4 Permit is based on the 2002 Orange County MS4 Permit. In addition to retaining many of the flaws that were eliminated in developing the 2002 Riverside County MS4 Permit, the Draft OC MS4 Permit is not appropriate to the water quality conditions or jurisdictional authorities in Riverside County, would require replacement and/or expansion of ongoing compliance programs and would impose substantial increased compliance costs without a demonstrated water quality need or benefit.

The 2002 Riverside County MS4 Permit Is Protective of Receiving Water Quality

The Riverside County Drainage Area Management Plan was updated to address the requirements of the 2002 Riverside County MS4 Permit. The revised programs are being implemented and have been effective in managing urban runoff and protecting receiving water quality. In fact, 155 chemical constituents, many of which are USEPA Priority Pollutants, have never been detected at Riverside County's monitoring stations since 2002. Bacteria and nutrients, the primary constituents of concern for the region, have adopted TMDLs and are currently in the implementation phases. The protection of receiving water quality is especially notable in light of the development activity that occurred in the Santa Ana Region since 2002.

In addition, the Permittees adopted and are implementing the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) in large part to mitigate potential receiving water impacts associated with public and private development. This plan is based on a watershed scale analysis of critical habitat resources, a prioritization of resources based on value and a commitment to protect and maintain those resources deemed critical to sustaining Riverside County's unique environment. Since many of the most critical habitat areas are dependent on water, many of the proposed MSHCP lands significantly overlap with Riverside's remaining natural stream systems. In addition, the ongoing Special Area Management Plan watershed planning effort to protect critical Waters of the United States in Riverside County will also provide additional substantive protections for Waters of the United States. These existing and ongoing watershed based planning efforts will provide for substantive setbacks and natural buffers from existing receiving waters, protect high value aquatic habitat and achieve many other ends that are currently the goal of the intense discussions regarding Low Impact Development (LID) provisions in the Draft OC MS4 Permit. The

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Permittees would expect that Riverside County's progressive activities to date would be recognized and reflected in the updated 2009 Riverside County MS4 Permit.

Expanded Compliance Program Requirements and Increased Costs cannot be Justified

As reflected in Attachment A, a number of the expanded program requirements proposed in the Draft OC MS4 Permit would be gratuitous if included in the Riverside County MS4 Permit: the requirements do not address identified water quality problems specific to Riverside County, or water quality problems that are not already effectively addressed by existing Riverside County Permit requirements and compliance programs. Further, the expanded compliance requirements would not increase the effectiveness of receiving water quality protection despite substantial increases in implementation costs.

Further, due to deteriorating economic conditions, all of the Permittees have been forced to reduce operating budgets and several have instituted layoffs. These actions are affecting all Permittee projects and services, including MS4 Permit compliance programs. The economic conditions are anticipated to continue until well into the term of the Riverside County MS4 Permit. During the term of the 2009 Riverside County MS4 Permit, the Permittees' objective will be to maintain the existing level of compliance activities. Except to the extent that the State will provide funds for implementation, no Permittee will be in a position to fund expansion of their compliance programs. As noted above, local funding for new or expanded compliance programs will likely require reduction or elimination of existing compliance activities and/or State or Federal funding.

Riverside County ROWD

On April 27, 2007 the Permittees submitted a ROWD to the Regional Board for renewal of the 2002 Riverside County MS4 Permit. In the ROWD, the Permittees provided a markup of the 2002 Riverside County MS4 Permit that identified applicable updates and enhancements. In addition, the markup included revisions that reflected Regional Board staff comments received by the Permittees during the term of the 2002 Riverside County MS4 Permit, including comments received at the January 22, 2007 ROWD kickoff meeting regarding topics such as low impact development, hydromodification, local implementation plans, etc. This document builds on the significant investments of time and resources made by the Permittees and the Regional Board in developing the 2002 Riverside County MS4 Permit. This proposed revision of the 2002 Riverside County MS4 Permit is the appropriate starting point for developing the draft Riverside County MS4 Permit.

In addition to the general concerns described above, Attachment A provides specific concerns with compliance requirements proposed in the Draft OC MS4 Permit as they may apply to the 2009 Riverside County MS4 Permit. This list of concerns is not comprehensive, but represents specific concerns that were identified in initial Permittee review comments. In addition, Attachment B includes information regarding the impact of the economic crises on funding sources and the Permittees' ability to finance permit compliance programs.

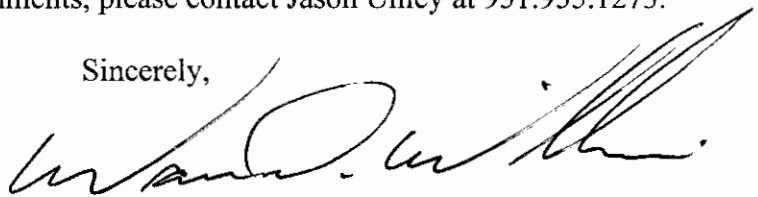
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Thank you for the opportunity to comment on the Draft OC MS4 Permit. As requested in the ROWD submitted in April 2007, we request that the draft Riverside County MS4 Permit be based on the 2002 Riverside County MS4 Permit. Further, we request that the 2009 Riverside County MS4 Permit limit expansion of compliance requirements and support existing compliance programs. We appreciate your consideration of our comments and look forward to meeting with Regional Board staff to identify where and how compliance requirements can be adjusted to maintain or materially enhance the effectiveness of the compliance programs consistent with reduced funding availability. If you have any questions regarding these comments, please contact Jason Uhley at 951.955.1273.

Sincerely,



WARREN D. WILLIAMS
General Manager–Chief Engineer

Attachment A – Comments
Attachment B – Funding Sources & Economic Projections

c: Riverside County Management Steering Committee
David Huff, Deputy County Counsel

AM:cw:bjp

ATTACHMENT A

Comments

The Draft OC MS4 Permit is ambiguous and subject to alternative interpretations. For example, numerous terms are used without definition. As described in the discussion of proposed Residential Program requirements below, the ambiguity can result in a wide range of interpretations that may not be consistent with the regulatory intent or the Permittees' understanding. The Permittees request that the proposed revision of the 2002 Riverside County MS4 Permit that was submitted with the ROWD be used as the basis for the 2009 Riverside County MS4 Permit and that the glossary from the 2002 Riverside County MS4 Permit be retained. The following comments address findings and requirements presented in the Draft OC MS4 Permit relative to their potential application to Riverside County.

Findings

- Finding 5 asserts that the Draft OC MS4 Permit does not constitute an "unfunded mandate". There may be clear examples where the permit is more stringent than the Clean Water Act (CWA) and, therefore, is potentially an unfunded mandate.
- Finding 62 asserts that the proposed 5% effective impervious area (EIA) limitation is well proven. However, there is no sound basis for this Finding. Contrary to the Finding, the Southern California Coastal Water Research Project (SCCWRP) study does not state that 5% EIA will prevent downstream impacts. The Permittees are not aware that the referenced study prepared by Dr. Richard Horner has been peer reviewed or published, or that this represents more than a statement of opinion of an individual professionally associated with the Natural Resources Defense Council. A far more rigorous peer-reviewed evaluation, including input from experts with a range of perspectives, would be expected prior to establishment of a policy with such far-reaching impacts on the delivery of housing, transportation projects and employment.

Section III - Discharge Limitations/Prohibitions

- 1) Section III.3 of the Draft OC MS4 Permit specifies that certain discharges are prohibited unless the Permittees make a determination that they are not substantial contributors of pollutants to the MS4s and receiving waters. Not only is this inconsistent with the exempted discharges provisions specified in Provision II.C. of the 2002 Riverside County MS4 Permit, it is inconsistent with the Federal Phase I stormwater regulations which only require that such flows be “ . . . *addressed* where such discharges are identified *by the municipality* as sources of pollutants to waters of the United States: . . .”¹ It is important to note that the Federal regulations require the discharges to be addressed, not prohibited, and only where the municipality, not the administrator (i.e., the Regional Board), determines that they are a source of pollutants. In issuing the Phase I stormwater regulations, EPA stated:

¹ 40 CFR § 122.26(d)(2)(iv)(B)(1)

. . . it is unlikely Congress intended to require municipalities to effectively prohibit individual car washing or discharges resulting from efforts to extinguish a building fire and other seemingly innocent flows that are characteristic of human existence in urban environments and which discharge to municipal separate storm sewers.

Item III.3.i.c requires the Permittees to prohibit irrigation water from agricultural discharges. However, § 502(14) of the Clean Water Act exempts agricultural stormwater discharges and return flows from irrigated agriculture from regulation under NPDES. Therefore, since the Regional Board has identified these discharges as a significant source of pollutants warranting prohibition, waste discharge requirements should be issued to agricultural operators to control these discharges to protect receiving water quality.

The Permittees would object to including Section III.3 of the Draft OC MS4 Permit in the 2009 Riverside County MS4 Permit.

- 2) As discussed in the 2007 ROWD and comment letter from the District regarding the De Minimus General Permit² the Permittees request that construction site dewatering be covered under the 2009 Riverside County MS4 Permit. The receiving water limitations incorporated into NPDES MS4 permits requires Permittees to ensure that discharges within their jurisdiction are protective of receiving waters. The Permittees request that Permittee construction dewatering activities be identified as an allowed non-stormwater discharge in the 2009 Riverside County MS4 Permit and provide appropriate exemptions from the De Minimus General Permit for Permittee construction activities.

Section IV - Receiving Water Limitations

The receiving water limitations as presented in Section IV of the Draft OC MS4 Permit are not adequately specific to discharges from activities or areas under the jurisdiction of the Permittees. In addition, the receiving water limitations require modification of the DAMP within 30 days of notification by the Executive Officer following determination that a discharge from the MS4 is causing or contributing to an exceedance of water quality standards. This is an unreasonably short period for revision of such a significant compliance document. The Permittees request that the Receiving Water Limitations specified in the 2002 Riverside County MS4 Permit be retained in the draft Riverside County MS4 Permit. These receiving water limitations:

- Exclude exceedances due to activities or areas not under the jurisdiction of the Permittees
- Provides 90 days for DAMP revision following notification by the Executive Officer
- Clarifies that the receiving water limitations apply to "Urban Runoff" as defined in the glossary.

² Comments on General Waste Discharge Requirements for Discharges to Surface Waters that Pose an Insignificant Threat (De Minimus) to Water Quality – Order No. R8-2009-0003, NPDES No. CAG998001, Riverside County Flood Control and Water Conservation District, January 7, 2009.

Section VIII.2 - Municipal Inspections of Construction Sites

- 1) Provision VIII.2 of the Draft OC MS4 Permit requires all sites for which building or grading permits have been issued and where activities include soil movement, uncovered materials storage and mixing of masonry materials to be tracked on a computer-based database system. The Permittees do not understand the purpose of this mandate as it appears to require recordkeeping without a purpose. The database would be required to include GIS compatible information for every construction site. However, the majority of these construction sites to be tracked are transitory. This requirement would mandate establishment or expansion of existing Permittee GIS systems. In some instances, Permittees do not have a GIS system and would be required to develop one to comply with this requirement. This would require budget increases to obtain and/or expand a GIS system, increase GIS system staffing and/or expand contract budgets for GIS services at a time when Permittee budgets are impacted and basic services are being reduced.

Tracking of all construction sites on a computer-based database system is a substantial, unnecessary and costly burden for the Permittees. Additionally, this mandate expands the Construction Site Inspection program to sites less than one acre. The result will add soft and hard costs to property owners doing minor property repairs and other minor property improvements, e.g., lawn irrigation systems, footings for patio covers, garden and retaining walls, pools/spas, etc. Receiving water quality issues to warrant establishment of a sophisticated GIS-based database system do not exist in Riverside County. Moreover, there is no reason to expect that establishment and maintenance of such a costly system would meaningfully enhance receiving water quality protection. The Permittees request that this requirement to develop and implement computer-based systems to track GIS compatible information on all construction projects be excluded from the draft Riverside County MS4 Permit.

- 2) Section VIII.4.b of the Draft OC MS4 Permit requires each construction site inspection to include a documented review of the Erosion and Sediment Control Plan. In addition to requiring a significant increase in the level of training and expertise of construction site inspectors, this requirement will significantly increase the amount of time needed for each construction site inspection.

Although increased developer fees may offset inspection costs for future plan checks and inspections, costs associated with developing new MS4 program elements cannot be recovered. Lack of revenues from development fees have resulted in layoffs of construction inspectors and plan check staff. Increasingly, the lack of work for remaining staff has resulted in subsidies from general funds and other revenue sources just to keep plan check and inspection services minimally functional. Requirements to unnecessarily enhance related NPDES MS4 programs would increase the burden on these other funding sources; making MS4 program expansions compete for funding needed to support other basic services. Therefore, costs for expanded plan check and inspection requirements will have a substantial impact on these funding sources during a period when development fee revenue to fund inspection and plan check activities and general fund revenues have plummeted.

The Permittees currently implement an effective construction inspection program that is protective of receiving water quality. Expansion of this program is not necessary. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.

- 3) Section VIII.6 of the Draft OC MS4 Permit omits verbal warnings as an acceptable form of sanction at construction sites. The Riverside County Permittees have incorporated an Enforcement Compliance Strategy in the Construction element of the Drainage Area Management Plan (DAMP) that incorporates verbal warnings as an appropriate enforcement response based on specified guidance and inspector judgment. This provides the inspector flexibility to provide a range of enforcement responses depending on the situation. The Permittees request that verbal warnings be retained as an acceptable form of sanction in the Riverside County MS4 Permit.

Section IX - Municipal Inspections of Industrial Facilities

The Draft OC MS4 Permit requires maintenance of an inventory of industrial facilities within their jurisdiction on a GIS database. Data required to be maintained on this database includes, at minimum, inspection dates, inspectors present, the photographic and written results of the inspection and any enforcement actions taken. Compliance with this requirement would be a significant and unreasonable financial burden on the Permittees. In some instances, Permittees would be required to develop a GIS system to comply with this requirement. Chronic problems impacting receiving water quality associated with industrial facilities have not been identified. Moreover, there is no reason to believe that establishment of such an elaborate GIS database would be more protective of receiving water quality than utilization of existing data management systems. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.

Section X.1 - Municipal Inspections of Commercial Facilities

Section X.1 of the Draft OC MS4 Permit requires use of a GIS database for maintenance of an inventory of commercial facilities. In addition, the categories of commercial facilities covered under the commercial facilities inspection program would be significantly expanded from those facilities inspected under the Permittees' existing inspection programs. Not only would the requirement to develop GIS based inventory system and expansion of the commercial facility inspection program significantly increase the cost of this compliance program, the Compliance Assistance Program (CAP) would need to be abandoned and replaced. Further, chronic problems impacting receiving water quality associated with commercial facilities have not been identified. Moreover, there is no reason to believe that establishment of such an elaborate and expensive GIS database would be more protective of receiving water quality than the existing Permittee programs. The Permittees request that these requirements be excluded from the draft Riverside County MS4 Permit.

Section XI.4 - Residential Program

Section XI.4 of the Draft OC MS4 Permit requires Permittees to develop and implement control measures to minimize runoff from "common interest areas". It is not clear what is included in the definition of "common interest areas" or if this requirement applies to new development or also to retrofit of existing development (including public facilities) or what compliance measures are contemplated. As written, this requirement is ambiguous and may be subject to a wide range of interpretations. Therefore, the Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit. However, the Permittees are interested in working with the Regional Board and water purveyors to promote water conservation and other programs that will promote efficient irrigation and reduce landscape irrigation runoff from residential developments into the MS4.

Section XII - New Development (Including Significant Re-Development)

- 1) Frequent reference to incorporation and implementation of "LID principles" is made throughout Section XII. A clear goal and definition of these LID principles as they apply to the semi-arid climate of Orange County is needed to ensure a consistent understanding of compliance expectations. It is particularly important to ensure that these principles do not conflict with water conservation or urban density policies, objectives, or requirements. The Permittees note that the LID principles that may be applicable to Orange County may not be applicable to the warmer and more arid climate found in Riverside County. Such principles for Riverside County should be developed in cooperation with the Permittees.
- 2) Section XII.A.1 of the Draft OC MS4 Permit requires that a database be maintained to ensure (prior to issuance of any local permits or other approvals) that all construction sites required to obtain coverage under the State's General Construction Permit have filed a NOI. However, Section VIII.A.1 of the 2002 Riverside County MS4 Permit states that any project seeking discretionary approval or map must be conditioned requiring the applicant to obtain coverage under the State's General Construction permit and that the Permittees verify that this condition has been satisfied. This existing MS4 Permit requirement and the programs and procedures implemented by the Permittees to comply effectively promote compliance with the General Construction Permit without the additional expense of developing and maintaining yet another database.

In many cases, Permittee approvals and permits are issued well in advance of initiation of construction activity. In some instances, approvals may be provided years before the initiation of construction. The State's General Construction Permit only requires submittal of an NOI 14 days prior to initiation of construction. This provision would impose additional costs on development activities in the form of payment of fees and implementation of monitoring and other activities to comply with the General Permit prior to initiation of construction, with no corresponding water quality benefit.

The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.

- 3) Section XII.A.4 of the Draft OC MS4 Permit requires in the first annual report a summary of the Permittees' review of watershed protection principles and policies in their General Plan and other related documents to ensure that LID and HCOC principles are properly considered and incorporated. Formation and facilitation of a TAC, drafting amendments, public noticing and required public hearings to resolve these issues will exceed the deadline and place the Permittees in an unavoidable violation of this permit provision. Further, the Permittees would note that the existing Western Riverside County Multiple Species Habitat Conservation Plan and proposed Special Area Management Plan already incorporates significant watershed protection principles and policies promoting low impact development. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.
- 4) Section XII.B.2.b of the Draft OC MS4 Permit adds a category under New Development where subdivisions creating less than 10 lots or units, where the combined impervious surface area of the lots or units is equal to or greater than 10,000 sq. ft. would be subject to WQMP requirements. This new category is a significant expansion of the WQMP requirements in the 2002 Riverside County MS4 Permit. Significant water quality problems have not been associated with these types of developments that are not adequately managed by the Permittees' existing requirements. While requiring such projects to prepare WQMPs would not provide meaningful receiving water quality benefits, it would add significantly to project and project review costs. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.
- 5) Section XII.B.2.i of the Draft OC MS4 Permit adds a category under New Development where streets, roads, highways and freeways of 5,000 sq. ft. of paved surface would be subject to WQMP requirements. This new category is a significant expansion of the WQMP requirements in the 2002 Riverside County MS4 Permit. This new requirement will delay or halt numerous road improvement projects, such as street widenings, that are intended to address existing safety concerns, the original purpose of the facility, and other transportation related improvements for increased safety/capacity, bikeways, and pedestrian facilities. These vitally needed projects would be delayed or halted due to increased design complexity and the need to acquire additional property. Further, the cost of even minor enhancements of the highway systems in Riverside County would be inflated by property acquisition, construction and ongoing maintenance costs.

The existing local transportation system receives runoff from adjacent developed properties (including those developed prior to the adoption of the stormwater regulations) and undeveloped properties. Transportation projects would be required to not only treat runoff associated with the project, but also run-on from adjacent properties. Therefore, this proposed requirement would burden transportation projects with the cost to treat runoff from other pre-regulation developments, making many important projects economically infeasible. Not only would this prevent implementation of vitally needed transportation projects, but this would eliminate the economic stimulus that such projects may provide.

The proposed requirement to prepare a WQMP for road projects 5,000 sq. ft. or more is inconsistent with requirements for the design of State highways. State highways are only required to incorporate treatment control BMPs where needed to comply with a TMDL or where a highway project will result in a net increase of one acre or more of impervious

surface.³ There is no justification for imposing more restrictive requirements on local road projects than are imposed on State highway projects.

Runoff from transportation projects is effectively managed by the Permittees' existing compliance programs. While requiring transportation projects to also comply with WQMP requirements would not provide additional meaningful receiving water quality benefits, it would add significantly to project costs. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.

- 6) Section XII.B.3 of the Draft OC MS4 Permit requires that WQMPs limit effective impervious area to 5% or less of the total project site. The Permit does not adequately define how effective impervious area is to be determined. Further, we are unaware of published field studies that provide empirical evidence supporting the use of the 5% effective impervious area concept on a project site basis. The Permittees do support the concept of using a prioritization requirement for the 85% treatment control requirement to ensure that LID BMPs that promote infiltration, reuse and/or evapotranspiration are required prior to considering classic treatment control technologies, with the following exceptions or caveats:
 - a) The Permittees do not support separate tiers for infiltration, reuse and evapotranspiration BMPs. These BMPs should be defined and considered concurrently on a project-specific basis as part of a single tier. The Permittees believe that separate tiers for LID BMPs would unduly constrain the flexibility of BMP selection for development projects and potentially require the Permittees to approve BMPs that may not be optimal for the site conditions, leading to future maintenance, permit compliance and water quality problems. Further, cisterns and other capture and reuse technologies are not widely used in Riverside County and the lack of experience in implementation may lead to improper design, installation, public safety concerns, and resultant BMP failures if the technology was required to be implemented in an immediate and broad fashion. More fundamentally, some of these technologies, although practical in the Pacific Northwest and other areas experiencing temperate climates and higher annual precipitation, may not be practical given climactic conditions in Riverside County.
 - b) Before a prioritization scheme can be supported by the Permittees, appropriate offramps must be developed to ensure that projects are not inappropriately burdened with infeasible or inappropriate BMPs. Offramps for local geologic and climactic conditions, potential groundwater limitations flow requirements of downstream habitat or wetlands, consideration of smart growth in lieu of LID, consideration of other regional approaches to WQMP compliance, and other appropriate factors should be incorporated to ensure that effective BMPs are selected to the Maximum Extent Practicable (MEP).
 - c) The existing 85% Treatment Standard must continue to constitute the MEP standard for new development. This standard was established as a State-wide policy that has not been amended.

³ Storm Water Quality Handbook: Project Planning and Design Guide, California Department of Transportation, May 2007, Section 4.

To presume that any portion of the 85% design volume that cannot be addressed through LID techniques must be mitigated offsite (as proposed by the National Resource Defense Council representative at the various meetings coordinated by The Irvine Company in Orange County to discuss the new development requirements) and in addition to 85% design volume treatment would move the Permit from a water quality based standard to a hydrologic control based standard. Such a requirement would establish and allocate quantities of water to receiving waters. The requirement to provide offsite mitigation not only exceeds the MEP requirement, but would also extend the requirements of the MS4 permit beyond the authority of the Clean Water Act. The Clean Water Act specifically exempts water management activities from regulation as noted in Section 102(g):

“It is the policy of Congress that the authority of each State to allocate quantities of water within its jurisdiction shall not be superseded, abrogated or otherwise impaired by [the Act]. It is the further policy of Congress that nothing in this chapter shall be construed to supersede or abrogate rights to quantities of water which have been established by any State. Federal agencies shall co-operate with State and local agencies to develop comprehensive solutions to prevent, reduce and eliminate pollution in concert with programs for managing water sources”.

Requirements mandating offsite infiltration of water to manage flow rates or volumes in streams are clearly water management activities. Permit requirements for offsite mitigation would be an unfunded state mandate. In addition, facts and findings justifying and supporting requirements for off-site mitigation above and beyond the 85% treatment requirement must be provided. The Permittees do not support the use of offsite mitigation as an additional requirement beyond the existing onsite treatment control policy established by the State Water Resource Control Board.

- d) The Permittees insist that the Permit provide facts and findings supporting requirements to promote infiltration, reuse and/or evapotranspiration as the required first approach to BMP implementation for new development and redevelopment projects. These facts and findings must identify the specific existing receiving water quality problems to be addressed by these proposed requirements, how existing programs are not effective in addressing these problems and demonstrating that the proposed requirements will be more effective than existing requirements in protecting receiving water quality to address the problems. Such facts and findings must be specifically applicable to the climactic conditions in western Riverside County.
- e) The Permittees also insist that the Permit recognize through facts and findings the potential impacts of onsite infiltration requirements on downstream habitat and wetlands areas that may be degraded by the loss of dry weather or wet weather flows from redevelopment projects or similar reductions caused by infiltration (and subsequent loss of runoff from small storm events) from new development projects and explicitly state that these actions are required to attain beneficial uses and are mandated by the Regional Board to meet the MEP standard.

- 7) Section XII.C.4. of the Draft OC MS4 Permit links treatment control substitution to the 5% effective impervious area requirement. As noted above, the Permittees do not support the use of this metric. The Permittees recommend this section be modified consistent with the intent of Comment No. 6) above.
- 8) Section XII.D of the Draft OC MS4 Permit addresses hydromodification. The Permittees and the Santa Ana Regional Board have both supported SCCWRPs efforts to develop hydromodification and have dedicated substantial resources toward the completion of the study. Because of existing and continued commitment to the SCCWRP study, the expected prioritization of LID as the primary method of treatment control, and the existing requirements in the Riverside County WQMP to assess and mitigate hydromodification requirements, the Permittees recommend the following approach to hydromodification mitigation be used in Riverside County:
 - a) That the draft Riverside County MS4 Permit promote the use of a final hydromodification standard based on the findings and tools developed by SCCWRP as part of their ongoing hydromodification studies. It is our understanding that SCCWRPs approach will include recommendations for watershed-based analysis of areas susceptible to hydromodification. The Permittees support the use of a watershed based approach to identify and mitigate hydromodification impacts as it allows the Permittees to develop clear knowledge of the scope of the issue, to prioritize resources to addressing the issue, to ensuring that appropriate conditions are placed on new development projects and that appropriate tools are available to both developers and Permittees to ensure that proper hydromodification mitigation activities occur.
 - b) That the draft Riverside County MS4 Permit continue to promote the use of the hydromodification mitigation requirements contained in the 2002 Riverside County MS4 Permit. The existing hydromodification requirements have been demonstrated to be effective and appropriate to the conditions in Riverside County and will be significantly reinforced by the focus on low impact development techniques proposed in the Riverside County ROWD. The LID requirements will further reduce and control incremental runoff volumes from new developments and retard times of concentration.

Further, it is our understanding that the SCCWRP studies are projected to be completed within three years. By the time the 2009 Riverside County NPDES MS4 Permit is adopted, new interim criteria developed, training conducted and effective implementation of interim requirements accomplished, it is likely that SCCWRPs revised hydromodification criteria would be available for use. Continued implementation of the existing hydromodification criteria would avoid the additional Permittee costs and confusion of the regulated community that would be associated with implementation of interim requirements.

- c) The Draft OC MS4 Permit and pending 2009 Riverside County MS4 Permit facts and findings should also recognize that there are many terminus conditions that can limit the need to conduct hydromodification evaluations to the ocean. These interim terminus water bodies may include lakes, engineered or maintained flood control facilities, dams, natural geologic features, etc. The 2009 Riverside County NPDES

MS4 Permit should explicitly identify that Reach 3 of the Santa Ana River, Prado Dam, Lake Elsinore, Canyon Lake, Mystic Lake and similar waterbodies as appropriate terminus features and that Prado Dam is the final receiving water from the Santa Ana Region of Riverside County.

- 9) Section XII.E.1. of the Draft OC MS4 Permit states that the Permittees may establish an urban runoff fund to be used for water quality improvement projects within the same watershed that is funded by contributions from developers granted waivers. A similar provision was proposed by the Regional Board for inclusion in the 2002 Riverside County MS4 Permit. Riverside County Counsel strongly advised that this provision be eliminated due to administrative difficulties and the potential for abuse and conflict. The Permittees request that this provision be excluded from the draft Riverside County MS4 Permit.
- 10) Section XII.F.2 and XII.I.3 of the Draft OC MS4 Permit adds a requirement that the Permittees maintain a database to track all structural treatment control BMPs, including the location of BMPs and parties responsible for construction, operation and maintenance. It is not clear why it is necessary or beneficial to track the parties responsible for construction. Projects have been incorporating structural treatment control BMPs since the inception of the Riverside County MS4 Permit in 1990 and identification of existing facilities would be a formidable and expensive requirement. The Permittees request that requirements for tracking the parties responsible for construction of structural treatment control BMPs be excluded from the Riverside County MS4 Permit. However, if incorporated into the draft Riverside County MS4 Permit, the Permittees request that this requirement to develop a database for structural treatment control BMPs be revised to require tracking by site as opposed to by BMP and to grandfather exceptions for existing treatment control BMPs. In addition, the Permittees recommend prioritization based on site risk for business inspections. The Permittees request that this database be implemented one year following adoption of the 2009 Riverside County MS4 Permit.
- 11) Section XII.H of the Draft OC MS4 Permit requires the Permittees to establish a mechanism not only to track treatment control BMPs, but also to ensure that appropriate easements and ownerships are properly recorded in public records at the County and/or City and the information is conveyed to all appropriate parties when there is a change in project or site ownership. Please see comment to Section XII.F. 2 of the Draft OC MS4 Permit above. The additional tracking of recordation of easements and ownerships and verification of conveyance of project information to new owners would be labor intensive and costly. Current requirements for WQMP documentation in Riverside County are effective and it is unlikely that the additional commitment of resources to comply with the proposed requirement would provide meaningful improvements in receiving water quality. The Permittees request that this provision be excluded from the draft Riverside County MS4 Permit.
- 12) Section XII.I.3 of the Draft OC MS4 Permit also requires establishment of the database specified in XII.F.2. Please see comment to Section XII.F. 2 of the Draft OC MS4 Permit above.
- 13) Section XII.I.4 of the Draft OC MS4 Permit requires including a list of all structural treatment control BMPs approved, constructed and/or operating within each Permittee's jurisdiction in Annual Reports. This expansion of the Annual Reporting requirements will

be costly and there is no need for or water quality benefits that would be provided by this proposed requirement. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.

- 14) Section XII.I.5 of the Draft OC MS4 Permit requires inspection of all public agency structural treatment control BMPs, and at least 50% of priority development project structural treatment control BMPs prior to the rainy season. There are many public agency structural treatment control BMPs within the Riverside County over which the Permittees have no authority to inspect or control. For example, the Permittees have no authority over Caltrans, school districts, water and wastewater districts and many other “public agencies”. In addition, priority development projects implemented by electric and gas utilities, pipelines, railroads and other private organizations are not subject to Permittee inspection or control. These limitations should be recognized in the permit text. Further, the inspection frequency is excessive and costly given the large number of such facilities that will be required in Riverside County. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit. In cooperation with the Regional Board, the Permittees would be interested in exploring the feasibility of a self-certification program to be implemented by the owners or operators of these systems. Barriers to implementation of such a program may include ordinance requirements, staffing and other costs, and political issues.

Section XIV.11 - Municipal Facilities/Activities

Section XIV.11 of the Draft OC MS4 Permit requires the permittees to clean and maintain at least 80% of their drainage facilities on an annual basis, with 100% of the facilities included in a two-year period. The Permittees currently implement a flexible program that provides for resources to be focused on problem areas. This approach is effective in Riverside County and the imposition of a more rigid maintenance schedule would not provide improved effectiveness, and may be detrimental to receiving water quality protection. The Permittees request that this requirement be excluded from the draft Riverside County MS4 permit.

Section XVI.1 - 3 Training Program

- 1) Section XVI.1 - 3 of the Draft OC MS4 Permit significantly expands Permittee staff training requirements. Although further development of the training programs is an objective of the Riverside County Permittees, this will not be possible during the term of the 2009 Riverside County MS4 Permit without federal or state funding. The Permittees request that this requirement be revised in the draft Riverside County MS4 Permit to note that implementation will only be required if federal or state funding can be obtained for development and implementation. In particular, the requirement to issue a “Certificate of Completion” may trigger “meet and confer” requirements in employee bargaining groups that may result in significant labor costs to the Permittees. The existing employee training program is effective and no need for such a formalized certification process has been identified. The Permittees request that this requirement be excluded from the draft Riverside County MS4 Permit.
- 2) Section XVI.8 of the Draft OC MS4 Permit requires each Permittee to “have adequately trained all staff involved with stormwater related projects within 60 days from being

assigned duties”. This is inconsistent with Permittee procedures and 2002 Riverside County MS4 Permit requirements for training and would impose an economic hardship on the Permittees. The Permittees request that this requirement be deleted from the draft Riverside County MS4 permit.

XVIII.A - Watershed Action Plans and TMDL Implementation

- 1) Section XVIII.A of the Draft OC MS4 Permit requires the Permittees to prepare Watershed Action Plans where total maximum daily loads (TMDLs) have not been developed. The Permittees would be required to:
 - a. Identify impaired waters
 - b. Monitor for pollutants causing impairment
 - c. BMPs to target pollutants causing impairment

This requirement would pre-empt the TMDL processes established by USEPA as well as task forces established in Riverside County. More flexible voluntary, risk-based, cost-efficient, and fiscally responsible opportunities for Permittees and the Regional Board to collaborate to address impaired waters would also be pre-empted.

Development of Watershed Action Plans was proposed in the Orange County ROWD. However, the watershed conditions in Riverside County are distinctly different from those found in Orange County. Orange County has several separate and unique watersheds that discharge to the ocean. Riverside County has a single watershed – the Santa Ana River watershed that discharges to Prado Dam.

Although it may be appropriate for Orange County to develop plans specific to each of their unique watersheds, the Permittees have been able to successfully incorporate permit wide programs into the DAMP to address TMDL impairments, 303(d) listed waterbodies and other constituents of concern. In each year’s NPDES MS4 monitoring annual report, the Permittees summarize the constituents of concern impacting our receiving waters and identify DAMP program modifications that are proposed to address those constituents of concern. The adjustments are then incorporated directly into the DAMP as necessary. Unlike Orange County, Riverside County has not seen the need to subdivide our compliance activities by sub-watershed. Further, the Riverside County Permittees have developed their own TMDL task forces, IRWMs and administrative mechanisms that address these issues in a different manner.

The Permittees request meetings with Regional Board staff to review existing Riverside County programs and how a requirement for Watershed Action Plans would be redundant to our existing administrative structures and processes. In the future, Riverside County Permittees may determine that there is a need to develop sub-watershed specific action plans, but the need to do this should be determined by the Permittees, not as a Permit requirement.

ATTACHMENT B

Funding Sources & Economic Projections

Funding Sources

The costs incurred by the Permittees in implementing the Santa Ana Regional DAMP fall into two broad categories:

- **Shared Costs.** These are costs that fund activities performed mostly by the District under the Implementation Agreements. These activities include coordinating the overall stormwater program, coordinating other interagency cooperative efforts such as the Compliance Assistance Program (CAP), participating in CASQA activities, representing Permittees at meetings of the Regional Board or State Board and other public forums; preparing and submitting compliance reports and other reports required under the MS4 Permit, conducting Urban Runoff monitoring and public education outreach programs, responding to Water Code Section 13267 requests, providing other program documentation, and coordinating consultant studies, Permittee meetings and training seminars.
- **Individual Permittee Costs for DAMP Implementation.** These are costs incurred by each Permittee for implementing within its jurisdiction the BMPs (drainage facility inspections for illicit connections/illegal discharges, drainage facility maintenance, drain inlet/catch basin stenciling, emergency spill response, street sweeping, litter control, public education, construction activity inspection, development of implementation plans, etc.) comprising the Santa Ana Regional DAMP.

Historically, the Permittees have employed several funding methods to finance their MS4 Permit compliance activities. Unfortunately, the mortgage crisis, collapse of the housing market and the economic recession has resulted in the cessation of virtually all development activity and has significantly reduced sales tax revenue. Property tax revenues have been reduced by the high level of foreclosure activity and reduced property values. Property tax revenues have been further reduced by homeowner requests for reassessments to reflect the reduced property values. The impact of these economic conditions on the Permittees in the Santa Ana Region has been particularly severe. As a result, funds typically provided by these funding methods has been severely reduced, and it is anticipated that this condition will continue for an indefinite period. The funding methods historically used and the effects of the economic situation on the availability of funds through these sources are summarized as follows:

- **Santa Ana Watershed Benefit Assessment Area.** In 1991, the District established the Santa Ana Watershed Benefit Assessment Area to fund its MS4 Permit compliance activities. Currently, the Benefit Assessment revenues fund the District's share of the area-wide MS4 Permit program activities and the District's individual compliance activities as a Permittee. Under the Benefit Assessment each parcel is taxed based on the impervious area of each parcel at a set rate established through Proposition 218. This rate has not been increased since 1991 and increases in revenues have resulted from increases in the number of contributing parcels resulting from New Development. In 2007/08 the

Santa Ana Benefit Assessment generated approximately \$2,030,000 in revenue. These revenues are used to fund the District's compliance activities and the bulk of the administrative costs associated with the District's duties as Principal Permittee.

Outlook: The District expects at best to maintain, if not see temporary reductions in Benefit Assessment revenues due to the significant number of homes that are not paying property tax due to foreclosure. An increase in the established Benefit Assessment rate to compensate for these reductions would require approval of 2/3 of the voters or 50% of the property owners and is unlikely, especially in the current economic climate. An increase in the number of contributing parcels will not occur until the development industry recovers.

- **General Fund/Other Revenues.** The County and the Cities utilize general fund revenue to finance most of their MS4 Permit compliance activities. General fund revenue is generated by property tax, sales tax, and auto license taxes.

Outlook: The Permittees expect a continued reduction in the funds available through General Fund/Other Revenues through at least FY 2009/2010. Although optimistic that conditions will begin to stabilize toward the end of 2009, the Permittees cannot speculate as to when revenues will recover to previous levels. Historically, the Permittees have investigated other funding sources, including a phone survey conducted by LESJWA with support from the District and the County of Riverside to evaluate the possibility of passing a new assessment to fund water quality improvements benefiting Lake Elsinore. The results of the survey found insufficient voter support for water quality related issues to move forward with a special election. The Permittees have also formed a finance committee which has met several times to educate our Permittees about actions that they can take to maximize revenues and potential alternative funding sources. These efforts met with some success, particularly in relation to maximizing fees for service; however significant new funding sources were not identified or available to the Permittees even during the more favorable economic conditions experienced during the term of the 2002 Riverside County MS4 Permit.

- **Fees.** Several Permittees charge fees for services such as inspections, plan check and other recoverable costs related to compliance with the 2002 Riverside County MS4 Permit. These fees cover both the direct and indirect costs associated with conducting these inspections/reviews including associated compliance tracking and reporting.

Outlook: It is notable that, with the virtual collapse of the development industry in the Santa Ana Region, the fees received by the Permittees for review of new developments and construction inspections have been significantly reduced. With this reduced level of fee-based income, maintenance of the existing inspection and plan review programs will place a burden on overall funding of the compliance programs. The Permittees do not expect revenues from fees to recover until the development industry recovers. Even with recovery of the development industry, it is anticipated that revenues from fees will be reduced for the majority of the Cities within the Santa Ana Region and the County due to the reduced area remaining for development in their jurisdictions.

- **Grants.** The Permittees have actively pursued and, as available, used grants to fund compliance programs.

Outlook: In December the State's budget crisis resulted in a directive to State agencies from the Department of Finance to halt projects that rely on bond funds, including those funded by Proposition 40, Proposition 50 or Proposition 84. The State of California is the primary source of grant funding for water quality projects. Future availability of funds to resume compliance projects funded by grants is uncertain.

It is clear that the current economic climate and that of the foreseeable future is creating a significant burden upon the Permittees that will make the continuance of all existing MS4 Permit compliance programs difficult. New funding sources or alternative combinations of funding sources will likely be required to ensure continued funding of even the current MS4 Permit compliance programs.

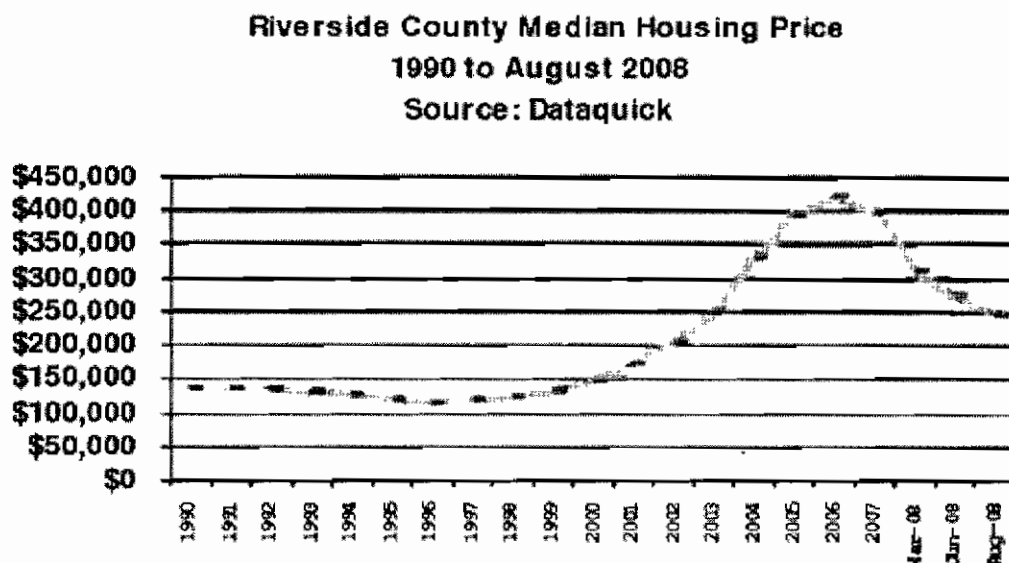
Economic Projections

According to Chicago Title, Southwest Riverside County has experienced a very significant increase in supply of single-family residential units on the market. As a result, housing price indicators are very negative. In the majority of the Southwest Riverside submarket, the pending price is less than closing price that suggests the weakness of the market. The October 2008 count of bank owned (REO) properties for Riverside County as a whole was 12,078. The number of foreclosures was 23,480. The presence of high levels of REO properties will continue to negatively affect the price line. In addition, the level of foreclosures is increasing. At the end of January 2009, 68% of the homes listed for sale are foreclosures or short sales.⁴

With regard to other sectors of the economy, Riverside County has taken a serious turn for the worst in 2008, with projections indicating that the severe downturn will continue through 2009 at the very least. The economic difficulties being faced in the Southwest Riverside submarket is the result of the dramatic downturn in the housing market in this area, the national financial turmoil, the worldwide credit crisis, and the increasing consumer debt crisis. According to Beacon Economics, a respected economics consulting firm in Los Angeles, Inland Southern California is clearly at the epicenter of this economic turmoil, with extremely high rates of unemployment at present. Unemployment rates in Inland Southern California are expected to reach 12.4% before this deep recession is over. Housing prices are expected to continue their precipitous decline from their peak levels in the two Inland Southern California counties through at least 2011. According to Dataquick, median home prices in Riverside County peaked at \$415,000 in January 2007. At the end of this cycle, the median home price in Riverside County is expected to be \$198,000. Figure 1 depicts the median housing price in Riverside County over the period 1990 to August 2008.

⁴ Orange County Register, January 27, 2009, p. 11.

Figure 1. Riverside County Median Housing Price (1990 – August 2008)



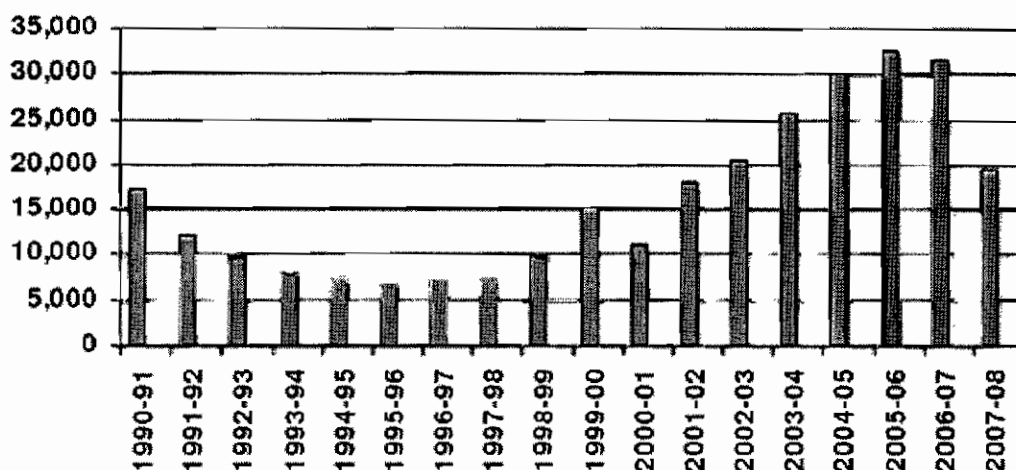
Source: Riverside County Center for Demographic Research. 2008. Riverside County Progress Report, pg 14.

Local Government sales tax revenues remained fairly stagnant through 2006 and began to decline in early 2007, according to Beacon. By the second quarter of 2008, the taxable sales in Riverside County declined by 7.7%. This will continue with taxable sales possibly bottoming out by 2010. These shocks are expected to continue and accelerate within the southwest Riverside County economy.

As a direct outcome of the current economy and the economic outlook into the term of the 2009 Riverside County MS4 Permit, the number of New Development proposals has plummeted and any significant rebound is not forecast. New and redevelopment projects will likely remain minimal. As shown in Figure 2, the number of housing units being added each year has dropped below the levels seen at any point in time during the 2002 Riverside County MS4 Permit. These numbers will likely continue to decrease for a significant portion of the new 2009 Riverside County MS4 Permit term.

Figure 2. Riverside County Housing Units Added (1990 – 2008)

**Riverside County Housing Units Added
1990-2008
(DOF January figures)**



Source: Riverside County Center for Demographic Research. 2008. Riverside County Progress Report, pg 12.

These economic issues and projections directly affect and limit both:

- The need for including enhanced new and re-development requirements in the 2009 Riverside County MS4 Permit, and
- The Permittees ability to fund, and even seek new funding sources for additional MS4 Permit requirements for new and re-development projects.

Therefore, the Permittees are not recommending and cannot financially support any significant increases to their Development Planning activities. Permittee specific projections are as follows:

County of Riverside

The County is operating with a structural deficit of \$12 million and plans a 25% budget reduction from FY 2008/2009 through FY 2011/2012. The County's current budget of \$4.7 billion represents a 5% reduction from the previous year and next year's budget is expected to be cut by 10%. These cuts are directly associated with the decline in property values caused by the high number of foreclosures. There are concerns about having to use discretionary funds to meet State mental health and social service mandates. In addition, the County is dependent on funds from Federal and Sstate sources. If during this time of economic crisis Federal and State funding sources are reduced or eliminated, any unfunded programs will be terminated. Only core County programs will continue.

The primary source of general fund revenue is from property taxes and sales tax. With the unprecedented number of foreclosures, reduced property values, and declining sales, general fund revenue is in a downward spiral. Another source of funding is through the

Solid Waste Tipping Fees paid at the County landfills. Volume is down 15% since 2006 with anticipated downward trend to 40% reduction in solid waste through 2014. Programs that are partially funded through tipping fee allotments will be impacted. Due to the declining economy the recycling market has collapsed. Virtually no recyclable materials are being shipped for reprocessing. This loss of revenue and increased disposal costs is further impacting the general fund.

Cuts of 25% for all Net County Cost general fund programs will translate into reduction of County services and elimination of unfunded State and Federal programs. Only core value programs will be provided (including public safety and fee programs).

The County has instituted a hiring freeze and required each department to create a report outlining the projected effects of the budget cuts. The County currently employs over 20,000 people, and layoffs are expected to result from the findings of these departmental reports. It is anticipated that this will impact program delivery for stormwater related activities. No County department will be able to sustain current staffing levels as they try to meet the 25% budget reduction strategy.^{5 6}

City of Menifee

The newly incorporated City of Menifee FY 2008/2009 initial budget was estimated from their comprehensive fiscal analysis that was submitted to the Local Agency Formation Commission during the incorporation process. Because of the economic uncertainty, and the fact that the City is only now beginning to staff positions, it is unknown what the immediate impact of the fiscal crisis will be. The County is responsible for assisting the City in meeting its MS4 Permit compliance requirements during the first year of incorporation which expires October 1, 2009. Currently, the level of property tax revenue that will be available to the City is uncertain. Funding for MS4 Permit compliance requirements was not explicitly budgeted. A financial hardship currently exists because of the costs associated with incorporation.

City of Murrieta

The City of Murrieta's FY 2008/2009 budget did not increase compared to FY 2007/2008. The City has identified a \$3.3 million budget shortfall for the current fiscal year ending on June 30, 2009. This represents approximately 8.2% of the City's projected revenue which must be absorbed in five months. The shortfalls are primarily due to reduced sales tax and property tax revenues. Department heads are currently working on revised budgets to adjust for the loss in revenue.

Additional, budget cuts are anticipated for FY 2009/2010 because the immediate economic outlook is not good. There have been approximately 2,000 home foreclosures within the City. Sales tax revenue is estimated to drop 12.5%, property tax revenue will drop, and the State took approximately \$525,000 out of redevelopment funds. Murrieta did not receive any vehicle licensing fees from the State and it appears likely that the State will take more

⁵ "The Realities of Recession in California: A Statewide Report by U.S. Senator Barbara Boxer, December, 2008, p. 18.

⁶ Riverside County Executive Office, January, 2008.

revenue from the Cities to solve its budget problems. New NPDES requirements that increase compliance costs will create a financial hardship for the City.

City of Riverside

The City of Riverside has seen declining general fund revenue over the last two fiscal years in virtually all categories. The City's most recent projection indicates that total general fund revenues for the current fiscal year will be under \$200 million, down from a budget of \$215 million as adopted, and \$226.5 million in the prior fiscal year. This represents a decline over two fiscal years of approximately 12%. Specifically, property tax and sales tax revenue continue their decline, which is primarily attributable to decreased residential construction activity and in the case of sales tax declining automobile sales.

The decline in revenue has resulted in a corresponding reduction to general fund expenditures. Specifically, approximately 12% of the positions authorized for the general fund have been vacated and unfunded, either through transferring staff to other funds, attrition or limited layoffs of temporary and contract staff. Additionally, the level of service provided to the community in virtually all City departments has been reduced through funding reductions to items such as street maintenance, recreation programs and libraries, though great care has been taken to minimize the impact of cuts to the public. It is anticipated that in the near term the economic situation will not improve, and staff is preparing a budget for the upcoming fiscal year that anticipates further decreases in revenue.

City of Wildomar

The newly incorporated City of Wildomar FY 2008/2009 initial budget was estimated from their comprehensive fiscal analysis that was submitted to the Local Agency Formation Commission during the incorporation process. Because of the economic uncertainty, and the fact that the City is only now beginning to staff positions, it is unknown what the immediate impact of the fiscal crisis will be. The County is responsible for assisting the City in meeting its MS4 Permit compliance requirements the first year of incorporation that expires July 1, 2009. Currently, the level of property tax revenue that will be available to the City is uncertain. Funding for MS4 Permit compliance requirements was not explicitly budgeted. A financial hardship currently exists because of the costs associated with incorporation.